

# Memorandum

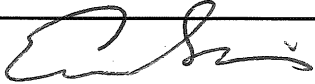
**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Jennifer A. Maguire

**SUBJECT: CITY COUNCIL POLICY -  
DEBT REFINANCING**

**DATE:** May 20, 2013

Approved



Date

5/20/13

## RECOMMENDATION

Amend City Council Policy 1-18, Operating Budget and Capital Improvement Program Policy, to incorporate the following language to Section #8. Debt:

In order to reduce the principal on outstanding debt and minimize debt service costs, one-time savings generated from debt restructurings and refundings should be used to pay down the outstanding principal of other existing City debt, whenever possible, taking into consideration any fund restrictions.

## ANALYSIS

In the 2013-2014 Mayor's March Budget Message, the City Manager was directed to develop a policy where one-time savings from debt restructurings and refundings could be used to further reduce the City's financial risk and create ongoing savings by reducing principal on other outstanding City debt. This strategy is currently recommended in the 2013-2014 Proposed Budget with the one-time savings generated from the refinancing of the City Hall debt and represents a prudent approach to addressing the City's debt obligations.

In response to this direction, an amendment to City Council Policy 1-18, Operating Budget and Capital Improvement Program Policy, is recommended. This policy sets forth the guiding principles for the preparation and administration of the City's operating budget and capital improvement program and currently includes a section on City debt. This section would be revised to incorporate the language underlined below.

### *8. Debt*

The City Council adopted a Debt Management Policy that establishes the following equally important objectives:

- a) Minimize debt service and issuance costs.
- b) Maintain access to cost-effective borrowing.
- c) Achieve the highest practical credit rating.

- d) Full and timely repayment of debt.
- e) Maintain full and complete financial disclosure and reporting.
- f) Ensure compliance with applicable State and Federal laws.

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### **COORDINATION**

This memorandum has been coordinated with the Finance Department.



JENNIFER A. MAGUIRE  
Budget Director